

**INCOME TAX ACT OF 1967 (EXCERPT)**  
**Act 281 of 1967**

**206.51a Calculation of tax; credits allowed; annual return not required to be filed; statute of limitations; enforcement of tax collection; reports by department regarding no-form option.**

Sec. 51a. (1) Notwithstanding any other provision of this act and for tax years beginning after December 31, 1996, an eligible taxpayer may elect to pay the tax imposed by this act calculated by multiplying taxable compensation, less an amount equal to the personal and dependency exemptions allowed as a subtraction under section 30(2), (3), and (4), by the rate established in section 51.

(2) Except as provided in subsection (1), an eligible taxpayer who elects to pay the tax imposed by this act calculated under this section shall not claim any exemption, deduction, or credit allowed under this act other than the credits allowed under all of the following sections:

- (a) The credit for taxes withheld under section 251.
- (b) The prescription drug credit under section 273.
- (c) The home heating credit under section 527a.

(3) An eligible taxpayer who elects to pay the tax imposed by this act calculated under this section is not required to file an annual return under this act.

(4) An eligible taxpayer who files a withholding exemption certificate to elect to pay the tax imposed by this act calculated under this section may file an annual return and pay the tax calculated under section 51.

(5) The statute of limitations provided in Act No. 122 of the Public Acts of 1941, being sections 205.1 to 205.31 of the Michigan Compiled Laws, begins to run on the date that the annual return is due for the tax year for which the taxpayer has filed an election to pay the tax imposed by this act calculated under this section.

(6) The department may enforce the collection of the tax imposed under this act and calculated under this section to the extent the tax withheld under section 351 is less than the tax imposed by this act and calculated under this section.

(7) For the 1998 tax year and each year after 1998 that the no-form option allowed under this section is in effect, the department shall file a report not later than July 1 with the house tax policy committee and the senate finance committee that contains all of the following information about the taxpayers who elect to pay the tax imposed by this act pursuant to this section:

- (a) The total number of taxpayers.
- (b) The number of taxpayers by county and city.
- (c) The average income of the taxpayers.
- (8) As used in this section:

(a) "Eligible taxpayer" means a resident who meets both of the following criteria:

(i) Has income for the tax year in total or from any 1 source, other than taxable compensation or income described in subdivision (b), (i), (ii), or (iii), of less than \$100.00 for a single return or \$200.00 for a joint return.

(ii) Has filed a withholding exemption certificate to elect to pay the tax imposed by this act calculated under this section for the tax year.

(b) "Taxable compensation" means compensation from which tax has been withheld pursuant to section 351(1) or (7), except the following:

(i) Compensation described in section 30(1)(e) or 30(1)(f)(i).

(ii) Social security benefits as defined in section 86 of the internal revenue code.

(iii) Retirement benefits, pension benefits, or benefits from a retirement annuity policy in which payments are made for life to a senior citizen, other than benefits described in section 30(1)(e) or 30(1)(f)(i), or described in section 86 of the internal revenue code, not to exceed the amounts allowed as a deduction under section 30(1)(f)(v).

**History:** Add. 1996, Act 265, Imd. Eff. June 12, 1996;—Am. 1996, Act 484, Eff. Jan. 1, 1997.